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Together They Have Financed
Over \$2 Billion in Student Loans
For The People of Michigan

Bank One, Comerica Bank, MHESLA, Michigan State
University, National City Bank, Standard Federal Bank

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Celebrating Two Billion Dollars In Student Loan Financings For the People of Michigan

By JEROME H. O'NEIL

Fifteen years ago, the Board of the Michigan Higher Education Student Loan Authority (MHESLA) approved the creation of the State Secondary Market (SSM) for student loans in Michigan. Today, the SSM is celebrating the \$2 billion mark in student loan portfolio acquisitions, which translates into helping finance higher education for more than 650,000 Michigan families.

This remarkable accomplishment has been the product of a strategic alliance between MHESLA, Michigan colleges and universities, and more than two hundred Michigan financial institutions throughout the state. In a series of interviews with *Michigan Banker*, most of the major participants explained to us their reasons why they joined this alliance.

Dr. Lou Anna Simon, President of Michigan State University, explained, "Michigan State University has a long-standing tradition of access and affordability, ensuring that students with acade-

mic potential will not be denied an MSU education because of financial hardship. We continually seek ways to keep costs down and provide financial assistance for those with need."

The issue of affordability was one barrier identified by Lieutenant Governor Cherry's Commission on Higher Education and Economic Growth, of which I was a member. The Commission was created by Governor Granholm and charged with developing recommendations to significantly increase college participation rates as a vehicle to transform our state's economy.

The Michigan Students First program addresses affordability by significantly lowering the cost of borrowing for students and parents. While educational loans always should be used conservatively, they promise a remarkable return on investment. According to the Institute for Higher Education Policy, a person with a baccalaureate degree earns an average of \$1,000,000 more in their lifetime than a person with only a high school

diploma. Michigan Students First improves upon this already positive outcome by offering educational loans with zero fees and zero interest in the final seven years of repayment. We are confident that this is the best available program and are proud to partner with a lender coalition, led by Michigan-based Comerica Bank, and with the State of Michigan to offer it to our students and families."

Patricia W. Scott, Bureau Director of Student Financial Services, added, "In the words of our State of Michigan Treasurer, Jay B. Rising, 'The State of Michigan has a long and proud tradition of assisting Michigan families in reaching their higher education goals. Today, more than ever, we need to prepare our youth for the challenges of a highly competitive global economy, where new technologies demand a sound education. Our institutions of higher education are recognized among the best in the world, and we are determined that all Michigan families have access to them.'



Left to right: Howard Thomas, President of the Midwest Association of Student Financial Aid Associations (MASFAA) and Financial Aid Director for Walsh College; Dr. Robert Ubbelohde, President of Finlandia University; Dr. Mary Spangler, Chancellor of Oakland Community College; and Keith Pretty, President of Walsh College.



Left to Right: Patricia W. Scott, Bureau Director of Student Financial Services, State of Michigan; Rick Shipman, Director of the Office of Financial Aid at Michigan State University; Dr. Lou Anna Simon, President of Michigan State University.

Marianne Casey, Assistant Vice President of Comerica Bank stated, "For the last 15 years, Comerica Bank has worked with MHESLA to help thousands of Michigan students fulfill their dreams of higher education. We believe that the Michigan Students First program will make it possible for even more students to take advantage of Michigan's fine colleges and universities. We are eager to help students and their families with affordable student loans."

Keith Pretty, President of Walsh College said, "Walsh College is proud to work with MHESLA or, as we call it, the Michigan Solution, to meet the needs of our students for financial aid. They are extremely cooperative, competitive, and a pleasure to work with. Most of all, we enjoy working with our own colleagues from Michigan banking institutions. My congratulations to the Michigan Solution on surpassing the \$2 billion threshold. Keep up the good work!"

Craig Anderson, First Vice President, Bank One Education Finance Corporation indicated that, "For more than 10 years, Bank One has worked with MHESLA to help students across the state finance their postsecondary studies through affordable programs such as Michigan Students First. Reflecting the state's strong commitment, these programs promote broader access to educational opportunities and incorporate special features that save bor-

rowers money. We are proud to continue as a partner with MHESLA to support education in Michigan."

Dr. Robert Ubbelohde, President of Finlandia University added, "Seventy-two percent of our students are the first in their families to attend an institution of higher education and the majority of our students come from families of low to moderate incomes. To supplement the scholarships and grants they receive, the majority of our students work at least one job - many working two. The ability to obtain educational loans to supplement work and scholarship aid is critical to our students' ability to enter and remain in school. The incentives provided to students who make timely payments on these loans, for example, is a positive and much appreciated feature."

Michael Foster, Vice President of Standard Federal Bank, said, "At Standard Federal Bank, we are proud of the partnership we have enjoyed with MHESLA for many years. It is with a great sense of accomplishment and fulfillment that our institutions have worked together from the very first day the State Secondary Market began assisting Michigan families finance their educational endeavors. From those humble beginnings, we have now, together, hit the \$2 billion mark in educational financing. MHESLA has one of the best borrower benefit packages in the entire nation.

This, coupled with some of the best colleges, universities, trade and technical schools in the country have made Michigan the envy of the nation. Congratulations on this significant milestone, and we look forward to even more accomplishments in the future."

"Oakland Community College is proud of its association with The Michigan Solution. Even though OCC's tuition is among the lowest in the state, meeting tuition payments is still a challenge for our students and their families. Michigan Students First fills in financial gaps, which otherwise would keep students from accessing higher education. However, the benefits go far beyond tuition alone. Higher education opens up a world of opportunities for students, and a well educated workforce increases our state's competitive position ... and that benefits everyone," said Dr. Mary S. Spangler, Chancellor of Oakland Community College.

P. Gregory Stringer, Senior Vice President of National City Bank said, "National City is pleased to work with the State Secondary Market (SSM) and other Michigan lenders to offer reduced cost student loans. SSM's focused on the students and schools of Michigan and strives to offer progressive student loan options. National City is looking forward to a

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Left to Right (Top): Gary A. Sole, Vice President, National City Bank; Gary E. Harvey, Director of MHESLA, Fiscal Affairs; John Nickless, Senior Student Lending Representative, Comerica Bank. Left to Right (Bottom): P. Gregory Stringer, Senior Vice President of National City Bank; Craig Anderson, First Vice President, Bank One Education Finance Corporation.

from Federal Direct Lending to the Federal Family Education Loan Program. Many asked us why we undertook such a significant task and afforded ourselves such a short, 90-day timetable. The reason is simple - the unbelievable savings to our student and parent borrowers under Michigan Students First. We could not in good conscience delay making these advantages available. We calculated that student and parent borrowers would save about \$1,000 on a \$10,000 loan. That aggregates to about \$50,000,000 over the first three years of our participation in this program. Nobody else in the student loan marketplace offered such robust benefits. MSF also accommodated our desire to exercise the school as lender option and through that program we have been able to significantly increase our financial support for needy students.

Operating costs of our new program are minor and certainly no greater than under the Direct Lending Program. I believe our success in making the necessary infrastructure changes to support the program platform change in three months proves how similar the two platforms really are. I also give credit to the great staff in the MSU Office of Financial Aid, the Michigan Higher Education Student Loan Authority, the State Secondary Market, Great Lakes Higher Education Corporation, and our lender coalition, including Comerica Bank, National City Bank, and Standard Federal Bank, all of whom pitched in as needed to ensure that our students and their families received excellent service."

Martin Ruiz, Deputy Director of MHESLA, concluded, "I echo Mr. Shipman's words and I also would like to thank all of our 201 Michigan participating lenders for their unwavering support to our program."

MHESLA Celebrating

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continuing relationship with SSM and helping to make education affordable in Michigan."

Howard Thomas, President of the Midwest Association of Student Financial Aid Associations (MASFAA) and Financial Aid Director for Walsh College said, "The Michigan Students First program offers a wonderful opportunity for our students. No fees and lower interest loans for students who maintain on-time payments represents a considerable savings for our students. In addition, the availability of the MI-LOAN program really assists students who have exhausted their federal loan eligibility or need additional funding to cover their educational expenses. No wonder so many of our students are borrowing through MHESLA."

Gary E. Harvey, Director of the Michigan Higher Education Student Loan Authority and Fiscal Affairs stated, "Michigan Students First reflects our commitment to providing access to higher education and enables us to use resources generated from our student loan programs to benefit students at participating Michigan institutions of higher education."

Rick Shipman, Director of the Office of Financial Aid at Michigan State University said, "Our entry into the Michigan Students First program was accompanied by somewhat greater fanfare than accompanied the entry of dozens of other institutions before and after us in large part because we had to change our student loan platform



Left to Right (Top): Martin Ruiz, Deputy Director of MHESLA-SSM; Rick Shipman, Director of the Office of Financial Aid at Michigan State University; Michael Foster, Vice President of Standard Federal Bank; Orville Erickson, Manager, SSM. Left to Right (Bottom): Marianne Casey, Assistant Vice President of Comerica Bank; Kristine A. Rembach, Vice President, Bank One Education Finance Corporation.